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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001388

SIPDIS

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TAGS: [ETRD](#) [KCOR](#) [PGOV](#) [IZ](#)
SUBJECT: TRADE MINISTER STEPS DOWN IN RESPONSE TO
CORRUPTION ALLEGATIONS

REF: A. THOME-NEA/I EMAIL 5/26/2009

- [B](#). BAGHDAD 1355
- [C](#). BAGHDAD 1308
- [D](#). BAGHDAD 1235
- [E](#). BAGHDAD 1224
- [F](#). BAGHDAD 1176

Classified By: Economic Counselor Michael Dodman, Reasons 1.4 (b,d).

[1](#)1. 1. (C) SUMMARY: Trade Minister al-Sudani has finally resigned after weeks of public allegations of corruption in the Ministry of Trade (MOT), the arrest of three employees including his brother, and a looming vote of no confidence in the Council of Representatives (COR). The MOT scandal and the election of Ayad Sammaraie as Speaker has prompted the COR to assert itself on corruption issues, and led Prime Minister Al-Maliki to respond by intensifying his own public anti-corruption message. However, our sources question whether any further arrests or convictions will occur at the MOT, and whether Al-Sudani himself will face criminal charges, despite the apparently rampant corruption within the ministry he ran. Also unclear is whether or not the Al-Maliki Government is ready to begin implementing real institutional changes to fight corruption, rather than simply content itself with rhetoric or discussions of canards like a cabinet reshuffle. We expect the Sammaraie-led COR to continue pressuring officials close to the prime minister, perhaps in the hope Maliki will overreact to criticism levied against his loyalists. END SUMMARY.

The Minister Resigns but Faces No Charges

[1](#)2. (SBU) In a public statement, the Iraqi Council of Ministers (COM) announced May 25 that Prime Minister Nouri Al-Maliki had accepted a letter of resignation from Trade Minister Abd Al-Fadah Al-Sudani. Despite initial rumors that Al-Sudani had already fled to London, contacts in the MOT and COR told us that Al-Sudani was still in Baghdad and that he had met briefly with the PM prior to the COM's releasing its announcement. Al-Sudani's ministry was rocked in late April when the Iraqi Committee on Integrity successfully obtained arrest warrants for 10 MOT employees -- including two of Al-Sudani's brothers -- on charges of corruption (Refs E and F), and Al-Sudani himself faced two days of embarrassing public questioning before the COR in mid-May (Ref C). News of Al-Sudani's resignation has also been accompanied by wide press speculation regarding broader cabinet reshuffle.

[1](#)3. (C) According to press reports, Al-Sudani had tendered his resignation on May 14, prior to his appearance before the COR; however, Al-Maliki reportedly did not accept it until after the COR had the chance to question him. On May 20, the Prime Minister's Chief of Staff Tariq Abdullah told the DCM that the COR's questioning of the Trade Minister was "political" and complained that MPs involved in questioning al-Sudani were themselves involved in corruption. However, on May 22, Dawa COR leader Sami al-Askari, a close Maliki advisor, told an Iraqi newspaper that al-Sudani's answers did not satisfy MPs and indicated that a no-confidence vote against the minister would succeed. Askari's public

statement likely signaled that the PM would not stick his neck out for the tainted minister. Al-Sudani currently faces no criminal charges, and the Iraqi Commission on Integrity (COI) as well as the Chairman of the COR's Integrity Committee have expressed doubts that any charges will be filed (despite COI head Judge Raheem Al-Ugaili's confiding to us that he personally regarded Al-Sudani as implicated in the alleged corrupt practices at the Ministry).

¶4. (C) Nevertheless, Integrity Committee Chairman Sabah Q4. (C) Nevertheless, Integrity Committee Chairman Sabah al-Sai'di (who led the COR's questioning of al-Sudani) announced in the COR session on May 26 that he intended to discuss the resignation and forced a vote on the floor to put the issue on the COR agenda. The session adjourned on May 26 without the resignation being discussed. One IIP MP told poloff that the petition for the no-confidence vote had 101 signatures, and he was confident the vote would proceed and pass. (Comment: The member was unclear on the legal ramifications of withdrawing confidence from a minister who had already resigned, but was insistent that the process must be completed, suggesting a strong political motivation. End Comment.)

Additional Arrests and Prosecutions in Question

¶5. (C) Of the ten MOT employees for whom arrest warrants were issued, only three have been detained. One of those detained is Sabah Al-Sudani, the minister's brother; however, a second brother and six others remain in hiding or have fled abroad. COR Integrity Committee sources expressed optimism that Al-Maliki would not shield the 10 from prosecution under the controversial Provision 136b, but they likewise noted that

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there have been no additional arrests and it still remains unclear whether the three detained will actually be prosecuted.

Comment

¶6. (C) After he was elected speaker in April amid strong opposition from Maliki, Ayad Sammarraie promised his COR would use its authority to oversee the executive and question ministers. For Maliki rivals such as Samarraie, this issue also presents an opportunity to retake political momentum from the PM, who is still basking in the glow of his party's successful showing in provincial elections. Maliki's public statements of determination to fight corruption likely represent, therefore, the PM's recognition that he must fight for the high ground. (For example, Maliki's public comments about a possible cabinet reshuffle -- which the press seized with vigor -- represent an effort to help the PM get ahead of the issue. However, such comments are a canard, given that the PM cannot unilaterally shuffle the cabinet; he needs COR approval to do so.) The COR's public grilling this month of Sudani, a Maliki supporter, is a first step to fulfill Samarraie's promise. It may also be a political gambit by the IIP to re-position itself for the upcoming national elections. Despite Sudani's resignation, the May 26 session clearly indicated a desire to pursue a no confidence vote against the minister. There also appears to be blood in the water as rumors proliferate of an increasing number of additional oversight hearings concerning official corruption.

It is likely that some COR members hope to maintain pressure on Maliki, forcing him to either publically defend officials accused of corruption and mismanagement or else turn his back on more of his loyalists. END COMMENT

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